

**UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
EL PASO DIVISION**

In re:

PDG PRESTIGE, INC.,
Debtor.

Chapter 11

Case No. 21-30107 (HCM)

**JOINDER OF CITY BAY CAPITAL LLC TO MOTION OF LEGALIST DIP GP, LLC
FOR ORDER CONVERTING CHAPTER 11 CASE TO
CHAPTER 7 PURSUANT TO 11 U.S.C. § 1112(b)**

CITY BAY CAPITAL LLC ("CBC"), a creditor and party-in interest, by and through undersigned counsel, files this Joinder (the "Joinder") to *Motion of Legalist DIP GP, LLC ("Legalist") for Order Converting Chapter 11 Case to Chapter 7 Pursuant to 11 U.S.C. §1112(b)* (the "Conversion Motion") [ECF No. 166] and, in support of the Joinder, CBC respectfully represents as follows:

BACKGROUND

1. On February 15, 2021, Debtor filed its voluntary petition for relief under Chapter 11 of the United States Code (the "Bankruptcy Code"). This case has not been previously converted. The Debtor continues to operate its business and manage its properties as debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. On June 10, 2021, CBC filed a general unsecured proof of claim in the amount of \$32,250.00 (Claim No. 9) (the "CBC Claim").

3. On December 8, 2021, CBC filed a *Limited Objection to Disclosure Statement in Support of Plan of Reorganization of PDG Prestige, Inc. dated November 3, 2021* [ECF No. 102].

4. On December 10, 2021, the Debtor filed an objection to CBC's Claim [ECF No. 103] (the "Objection").

5. After negotiations, the Debtor filed a Motion to Withdraw the Objection [ECF No. 122], which was approved by Court Order on January 24, 2022 [ECF No. 123].

6. On March 29, 2021, Debtor filed the *Second Amended Plan of Reorganization of PDG Prestige Inc. Dated March 29, 2022*, as Modified. [Doc. #145] [(the "Second Amended Plan").

7. Pursuant to the Second Amended Plan, the Debtor was required to pay CBC pursuant to the Second Amended Plan within thirty (30) days of the Effective Date:

5.5. **Class 5 — General Unsecured Claims.** General unsecured claims are not secured by property of the estate and are not entitled to priority under Code §507(a).

5.5.1. Identity of Claims in Class: As set forth in **Exhibit PDGP304** to the Disclosure Statement, the Class 5 general unsecured creditors consists of general unsecured claims in aggregate minimum amount of at least / approximately \$32,250.00 and consisting of only the disputed claim of City Bay Capital LLC. Since the Disclosure Statement, the IRS has amended its proof of claim to include a general unsecured claim in the amount of \$2,627.64.

5.5.2. Treatment — City Bay: Upon the agreement of City Bay and the Debtor, PDG, Inc., Michael Dixson, and any and all subsidiaries and/or affiliates of Michael Dixson, as referenced and described in City Bay proof of claim, the Debtor will pay \$20,000 to City Bay within thirty (30) days of the Effective Date of the Plan in full and final satisfaction of the claims of City Bay against any of the Debtor and/or the aforementioned parties.

8. On March 31, 2022, the Court entered the Order Confirming Second Amended Plan of Reorganization PDG Prestige, Inc. Dated March 29, 2022 as Modified (the "Order Confirming Plan") in which its confirmed the Second Amended Plan. [Doc. # 148].

9. The Effective Date of the Second Amended Plan was April 1, 2022 [ECF No. 150].

10. Thus, the Debtor was required to pay CBC's \$20,000 claim by May 1, 2022. Since that time, CBC has made numerous requests to the Debtor, through Debtor's counsel, for payment such payment has not been made. Despite repeated representations that payment would be shortly forthcoming based on refinancing and/or sale transactions, no payment has been made to CBC.

11. On September 20, 2022, Legalist filed the Conversion Motion [ECF No. 166].

RESPONSE AND JOINDER

12. CBC hereby joins in and adopts the assertions, allegations, factual statements, arguments, and authorities asserted and raised by Legalist in the Motion.

13. CBC hereby reserve the right to raise additional objections and responses, and to present additional arguments and authorities, in connection with the hearing on the Conversion Motion.

WHEREFORE, CBC hereby request that the Court, upon hearing the arguments of counsel, enter an order granting the Conversion Motion and immediately enter an order converting this case to a case under chapter 7 of Title 11, United States Code, and granting to CBC such other and further relief, at law or in equity, to which they may show themselves justly entitled.

Dated: September 29, 2022

Respectfully submitted,

AKERMAN LLP

By: /s/ David W. Parham

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**ATTORNEYS FOR
CITY BAY CAPITAL LLC**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Joinder was served upon all parties on this the 29th day of September 2022, via CM/ECF and/or first class mail.

/s/ David W. Parham
David W. Parham